



**SIPRE PROJECT**  
**NATHAN ASSOCIATES INC.**  
ECONOMIC MANAGEMENT CONSULTANTS

STRENGTHENING INTELLECTUAL  
PROPERTY RIGHTS IN EGYPT

مشروع تطوير حق  
الملكية الفكرية في مصر

October 22, 1998

Dr. Francesca Nelson  
Contracting Officer's Technical Representative  
U.S. Agency for International Development  
Cairo

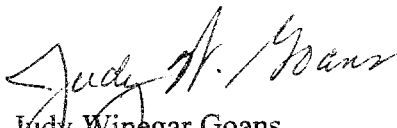
Ms. Lisa Bilder  
Contracting Officer  
U.S. Agency for International Development  
Cairo

Subject: **USAID Contract No. 263-C-00-96-0050-00**

Ladies:

Attached for your review and approval is the SIPRE Project's Ninth Quarterly Report, covering the period July 1, 1998 through September 30, 1998. This is Nathan Associates' official submission.

Sincerely,

  
Judy Winegar Goans  
Chief of Party

**Strengthening Intellectual Property Rights in Egypt Project**  
**A USAID/Egypt-Funded Project**  
**Ministry of Scientific Research and Ministry of Trade and Supply**

**QUARTERLY PERFORMANCE REPORT**

**Contractor:** Nathan Associates Inc.

**Contract #:** 263-0233-C-00-6050-00

**Reporting Period:** July 1 through September 30, 1998

**Section I. CONTRACTOR'S REPORT**

**A. Narrative:**

**1. Contract Final Objective:** The goal of the SIPRE Project is to improve the protection of intellectual property in Egypt in order to bring Egypt's intellectual property protection into line with GATT standards and create a more positive environment for investment and domestic innovation. Particular emphasis is given to improvement of the industrial property offices, providing support to non-governmental IPR bodies, and providing technical assistance to encourage the introduction of new laws and regulations. This activity contributes to the Sector Policy Reform II Program goal of promoting investment and the overall growth and development of Egypt's private sector. The assistance activity contemplated under this contract consist of: (1) technical and commodity assistance in the organization and improvement of the intellectual property system, including assistance on the development, management and automation of the industrial property offices; (2) training in various aspects of intellectual property; and (3) legal assistance in preparing guidelines for the examination of industrial property and enforcement of industrial property rights, and support for necessary legal and regulatory changes.

The contract is for a total of \$3,798,413. The first quarterly report covered the four-month "quarter" June 1 through September 30, 1996. The second quarterly report covered the period October 1 through December 31, 1996, and so forth. This report covers the ninth full quarter, July 1 through September 30, 1998.

**2. Expected Results:** At the conclusion of the contract, Egypt should provide stronger protection for intellectual property. Specifically, Egypt should have better laws and procedures for the protection of intellectual property and stronger Patent, Trademark and Industrial Designs Offices. By the conclusion of the contract, the contractor should have conducted at least three major studies on how to strengthen the above offices and provided training to at least 50 participants. In addition, patents should be issued and trademarks registered more quickly, modern data bases should be created and in use, and at least five seminars will have been held on such topics as drafting of IPR laws and/or regulations, examination techniques, and IPR training for judges, prosecutors and court experts.

**3.a. Current core activities:** The Project's core activities are divided into a framework of seven major tasks set forth in Section C of the Contract

Prepare Annual Work Plans  
Preparation of Guidelines and IPR-Related Legal Advice/Assistance  
Modernization of Industrial Property Offices  
Procurement  
Training  
Organization and Management  
Public Advocacy

**3.b. Current buy-ins:** The SIPRE Project does not authorize or contemplate buy-ins and there are no delivery orders thereunder outstanding or contemplated.

**3.c. Current subcontracting activities:** As provided for in the Project Contract, the provision and payment of all local staff are employed under subcontract with Allied Corporation - Egypt, which also provides the Project with assistance such as communications and logistical services. At the end of the quarter, the Project received and evaluated bids for quotations for a subcontractor to provide specialized database software and data entry of the Trademark Office files. The evaluations have been sent to IRM for approval. The database software/data entry subcontract should be in place next quarter.

#### **4. Performance During the Quarter:**

##### **TASK 1 - Prepare Annual Work Plans**

- 1) **Quarterly Report:** The Project's eighth quarterly report was submitted to USAID/Egypt on July 19, 1998.
- 2) **Third Annual Training Plan:** The Project's third annual training plan was submitted to USAID on August 25, 1998.
- 3) **Third Annual Work Plan:** The Project's third annual work plan was submitted to USAID on August 25, 1998.
- 4) **Third Annual Procurement Plan and Commodities Needs Assessment:** The Project's third annual procurement plan was submitted on September 16, 1998. This plan included a commodities needs assessment for the industrial property offices as is required in the Project's contract amendment.
- 5) **Embassy Bombings:** During this quarter two embassies buildings were bombed in Africa and USAID moved out of the building on Kasr El Eini Street. Since this has occurred, mail to and from USAID, even email, has been taking much longer. In addition, since USAID employees are not all located together in a single building, it takes much longer time to get multiple signatures or to find where different employees are located. This has had the effect of slowing down some of SIPRE's outputs.

## **TASK 2 - Preparation of Guidelines and IPR-Related Legal Advice/Assistance**

Assistance in this area falls into two major areas: 1) analyzing statutes for WTO-consistency and making recommendations for possible changes in the statutes, and 2) developing a body of law interpreting the statutes. A major deficiency of the current industrial property system is that it lacks a sufficient body of law interpreting its statute to guide those responsible for applying the statute. This results in uneven application of the laws. In a civil code-based system, such as Egypt, the courts cannot remedy this omission. A major focus of the SIPRE Project has therefore been to develop a substantive body of legal principles, or "guidelines," interpreting Egyptian law. Where Egypt's law is not WTO-consistent, the Project will either defer preparation of the guidelines or will prepare guidelines in those areas where they can be prepared at present.

- 1) **Legal Reforms and Trademark Guidelines:** The Draft Trademark Law developed by the Project was given to a judge and two Egyptian law Professors this quarter for review and comment. A lawyer was engaged to undertake the highly technical task of ensuring the draft law conforms to the requirements of Egyptian law. The lawyer commented favorably on the English version.
- 2) **Infringement Guidelines SOW:** During this quarter, an SOW on a task to develop IPR Infringement guidelines was submitted to USAID and approved. These guidelines are the next step that must be undertaken before judicial training can begin. Work will begin early in the next quarter on Patent infringement guideline, trademark infringement guidelines and copyright infringement guidelines.
- 3) **Legal Issue of Cost Recovery Proposal:** During this quarter, the Project was informed that the Minister of Trade and Supply wrote to the Prime Minister suggesting that the Trademark and Industrial Designs Office become financial self-sufficient entities as was recommended in a report written by SIPRE last December. The Ministry of Finance indicated that this would violate Egyptian law No. 63/1973. The Project may be asked to investigate this legal constraint and possibly conduct a full cost recovery study to determine the fees required for the office to cover its costs.

## **TASK 3 - Modernization of Industrial Property Offices**

- 1) **Trademark Archiving/Database Solution:** One of the Project's main objectives is to provide an archiving and automation solution for the Trademark Office that is up to date with international developments and intellectual property standards. During this quarter, the Project attended software demonstrations by the top bidders and undertook financial negotiations. Project recommendations were submitted to IRM. Washington and have been approved. Nathan Associates is currently working on the contract document. Contract should be signed and implemented in during the next quarter.
- 2) **Modernizing the Files of the Trademark and Industrial Designs Offices:** In the course of developing the space needs plan for these offices an important space constraint was noted – the necessity to house an ever-increasing number of f. To accommodate these files the architect proposed the use of movable filing units. This is expensive to implement, however. The Project studied the issue and in a report submitted to USAID on

September 30<sup>th</sup>, found that the cost of building movable shelves is approximately the same cost, as purchasing the equipment required archiving electronically. The report recommended archiving files electronically, using computers, scanners and an electronic storage media.

- 3) **Patent Attorney Database:** Industrial Designs personnel continue to use the Patent Attorney Database. During this quarter patent attorneys who registered for the first time in 1998 were registered into the database, increasing the total from the previous total of 1,220 entries to 1,325 patent attorneys.
- 4) **Industrial Designs Database:** The SIPRE Project's computer expert has completed the programming for the database, forms, folder, etc. for the Industrial Designs Office. All Industrial Designs Office procedures are now computerized. Industrial Designs personnel are actively using the programs for all new applications. To date 1,050 new applications have been automated - up from 475 last quarter.
- 5) **Scanning of Industrial Designs Files:** Industrial Designs Office employees, with technical assistance from SIPRE staff, have been scanning the Office's, backfiles onto a computerized system. At the end of last quarter 35 files had been scanned but scanning has been halted because more storage is required to stored scanned industrial designs files.

#### **TASK 4 - Procurement**

During this quarter, most procurement activity pertained to items required to improve the organization and management of the Trademark and Industrial Designs Offices and the Patent Office as detailed in the Space Needs Studies for these offices (See Task 6).

- 1) **Procurements:** Procurements made during this quarter included electrical supplies to improve the electrical system of the Patent Office in order to handle the additional load of a computer network and air conditioners. In addition, desks and partitions were procured for the Patent Office to accommodate approximately 100 employees. Two telephones and lines were procured for security and improved communications, an additional Arabic version of Windows 95 and Microsoft Office, English-Arabic dictionaries, WIPO glossaries, and a number of copies of the WIPO PCT publication in Arabic. In addition, as part of the process of modernization of the Trademark and Industrial Designs Offices, paint supplies and floor tiles were procured and installation of floor tiles and painting was done and is nearly completed.

- 2) **Procurement Tenders:** The SIPRE Office has received bids for desks and partitions for the Trademark and Industrial Designs Offices and lighting for the Patent Office.

#### **TASK 5 - Training**

- 1) **Trademark Examination Training in the US:** The Project sent twenty trademark employees for a course in trademark examination in Washington, DC after they had completed the core curriculum course in Cairo. For this course, the Project obtained copies of the USPTO training program for its own trademark examiners. These materials were modified slightly to reflect the fact that this is not a training course for practice in USA. The materials were translated and supplemented with additional materials that would be of use to the examiners. The Project will use these materials as a model for other training materials we are developing for judges. We are hoping to turn it into the basis of a desk reference book for Trademark office employees.
- 2) **IPR Compliance Study Tour:** During this quarter, the Project began work preparing reference material and making arrangements for a IPR Compliance study tour which is scheduled for next quarter. Six GOE policymakers in the areas of IPR enforcement and compliance will visit their counterparts in the United States to see which methods might be adopted in Egypt.
- 3) **Deferred Training:** The Patent Office asked for training to be deferred while they are undertaking major renovations as suggested in the SIPRE Space Needs Study .
- 4) **English-language Training:** Sixteen IPO employees are currently taking the seventh Armed Forces Language Institute course this quarter. The eight IPO employees enrolled in the third program offered by AUC all passed their courses and 13 MOTS employees and 9 Patent employees enrolled in the fourth intensive English language program offered by AUC.

#### **TASK 6 - Organization and Management**

- 1) **Implementation of the Trademark Office Space Needs Study Recommendations:** The SIPRE Project continued the process of modernizing the industrial property offices located in the Ministry of Trade and Supply this quarter. The Project completed installation of the floors of the Trademark and Industrial Designs Offices, and has been painting offices, hallways and the stairwell because the painters from the Ministry of Trade and Supply were not coming and were causing many delays in the work. The Trademark employees completed the move of the index cards into the new units.
- 2) **Implementation of the Patent Office Space Needs Study Recommendations:** The Patent Office and the SIPRE Project began implementation of the Space Needs study's recommendations this quarter. The Patent Office has removed on the partitions on their floor of the Patent Office in the Academy of Scientific Research. SIPRE has procured electrical equipment and the Patent Office is responsible for installing them and for painting the offices.

- 3) **Study on Computer Network Requirements for the Patent Office:** The SIPRE Project submitted a final report on the computer network requirements of the Patent Office. This report was instigated at the request of the Patent Office which is undertaking major renovations of its office space and would like to do the electrical wiring, telephone and network cabling work while the offices are being renovated. And many meetings were held with Patent official officials, consultants and computer department personnel. The SIPRE Project has hired a local network expert to under take this study. The study recommendations will be completed in July.
- 4) **Study on the Pendency of Patents:** In this quarter the Project completed a study and submitted a final report to improve the effectiveness of the Patent System, to make it more responsive to applicants, and to make a practical difference for applicants by increasing the effective patent term.

Recognizing that most of the important issues of the Patent system require legal changes and that the Patent Office has already submitted its recommendations for a new patent law, the Project is now focusing on means to make a practical difference in effective patent terms. Legally, patents have a 15-year term in Egypt (except for chemical processes for foods and pharmaceuticals). However, while expiration date depends on the date a patent was filed, the term does not begin to run until the patent is actually issued. The "effective patent term," the difference between the 15 year term and the number of years a patent was pending before the Patent Office, is the period that applicants actually have available to obtain the benefit of the patent system in developing and marketing a new invention. The Project's report on patent pendency was presented formally to the Ministry on September 30. The report contains recommendations to streamline the application process and reduce the pendency to a reasonable period from its current level, which is nearly five years.

#### **TASK 7 - Public Advocacy**

- 1) **Speech at the Seminar on the Recent IPR Issues:** One of the Project IPR experts, Mr. Mustafa Shafei, was a speaker at a one day in Alexandria, Egypt organized by the Association for the Protection of Industrial Properties on September 24, 1998. Mr. Shafie spoke on the "Patent Cooperation Treaty and the Madrid Protocol for the International Registration of Trademarks".
- 2) **Public Service - Copyright Infringement Video:** Copyright infringement is one of the areas identified by the US Trade Representative as one of the reasons for placing Egypt on its Special 301 Watch List. SIPRE believes that the GOE is making effort to enforce copyright, but that these efforts are overwhelmed by a lack of public understanding of copyright infringement. Many individuals have not considered the consequences of this infringement on the copyright holder. The Project decided that a public service video would help increase public awareness. SIPRE put out a tender to do a public service advertising video on the affects on the artists of copyright infringement. Bids were evaluated and work on the video should begin in the next quarter.
- 3) **Mubarak Public Library:** The COP met with Ambassador Raouf el Riedy, who is the Director of the Mubarak Public Library. They discussed areas for cooperation and agreed

SIPRE and the Library would jointly sponsor a conference on some aspects of IPR and agreed the Library would host an inventors' contest for school children patterned after the USPTO's Xcel program.

**4) Meeting with the Business Software Alliance (BSA):** A member of the SIPRE staff met with a representative of the BSA to learn what BSA is doing in Egypt and how SIPRE and BSA might cooperate.

b. N/A

c. Subcontracting activities are on target and slightly under budget.

**5. Statement of Work:** One result of the Project's Data Acquisition Study (see above) was to identify a need for additional procurement funds to bring about the results expected under this contract. One expected result under the SIPRE contract is that modern data bases should be created and in use in the industrial property offices. The Data Acquisition Study confirmed that the only practical means by which this result could be achieved within the contract period, or any reasonable period, would be to contract for data entry of Trademark Office records. The Project's budget was not large enough to accommodate this effort, and a revised SOW was submitted to add to the Project's procurement funds. The contract was amended effective September 9 to add \$349,198 to the contract. No further changes are needed at present.